

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 OES-07 ACDA-12 AGRE-00 AID-05
CEA-01 CEQ-01 CG-00 CIAE-00 COME-00 DLOS-09
DODE-00 DOTE-00 EPA-04 SOE-02 DOE-15 FMC-02
TRSE-00 H-02 INR-10 INT-05 IO-14 JUSE-00 L-03
NSAE-00 NSF-02 OMB-01 PA-02 PM-05 SP-02 SS-15
FRB-01 LAB-04 CTME-00 STR-07 ITC-01 NSCE-00
SSO-00 ICAE-00 INRE-00 AF-10 ARA-14 EA-12 NEA-11
/200 R

DRAFTED BY EUR/CAN:GJMONROE:JKB
APPROVED BY EUR/CAN - GJMONROE
EB/STA - JSPIRO (SUBS)
OES - DMARSHALL (SUBS)
-----044935 132235Z /70
O 132200Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA IMMEDIATE

UNCLAS STATE 150157

E.O. 11652: N/A

TAGS: EFIS, CA

SUBJECT: GROUND FISH COUNTERVAILING WAIVER DECISION

1. THERE FOLLOWS TREASURY DEPARTMENT PRESS RELEASE ON
GROUND FISH COUNTERVAILING WAIVER DECISION TO BE RELEASED
AFTERNOON JUNE 13.

2. BEGIN TEXT:

THE TREASURY DEPARTMENT TODAY ANNOUNCED A FINAL DETERMINA-
TION THAT THE CANADIAN GOVERNMENT HAS BEEN SUBSIDIZING
EXPORTS OF FISH TO THE UNITED STATES, BUT WAIVED THE IMPOSI-
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TION OF COUNTERVAILING DUTIES BECAUSE OF CANADIAN ACTION
TO "SUBSTANTIALLY REDUCE" AND BY OCTOBER 1 "ALMOST ENTIRELY
ELIMINATE" THE SUBSIDIES.

THE WAIVER APPLIES TO DUTIABLE FISH WHICH WOULD HAVE BEEN
SUBJECT IMMEDIATELY TO COUNTERVAILING DUTIES. DUTIES
WOULD BE IMPOSED ON DUTY-FREE FISH ONLY IF THE US INTER-

NATIONAL TRADE COMMISSION, TO WHICH THE MATTER HAS BEEN REFERRED, FINDS INJURY OR THE THREAT OF INJURY TO A DOMESTIC INDUSTRY. HOWEVER, IF THAT FINDING WERE MADE THE WAIVER WOULD BE EXTENDED TO DUTY-FREE FISH AS WELL.

THE TREASURY DEPARTMENT FOUND SUBSIDIES BY THE GOVERNMENT OF CANADA AND PROVINCIAL GOVERNMENTS CONSISTING OF CASH PAYMENTS TO CANADIAN FISHERMEN AND FISH PROCESSERS ON THEIR FISH CATCHES, CASH PAYMENTS TO FISHERMEN FOR FINANCING THE CONSTRUCTION OF FISHING VESSELS, GRANTS FOR VARIOUS FACILITIES REQUIRED IN THE FISHING INDUSTRY AND LOANS FOR VESSEL CONSTRUCTION AND PROCESSING FACILITIES. THE AMOUNT OF THE SUBSIDY ON DUTIABLE FISH WAS ESTIMATED AT 5 PERCENT OF THE FOB PRICE FOR EXPORT TO THE US.

HOWEVER, THE TREASURY DEPARTMENT ALSO FOUND THAT THE CANADIAN GOVERNMENT HAD REDUCED ITS SUBSIDIES BY 68 PERCENT AS OF MARCH 31, 1978, AND WOULD ACHIEVE A 92 PERCENT REDUCTION BY OCTOBER 1, 1978. IN ADDITION, THE TREASURY DEPARTMENT FOUND THAT IMPOSITION OF DUTIES WOULD SERIOUSLY JEOPARDIZE THE ACHIEVEMENT OF TRADE AGREEMENTS THAT WOULD REDUCE OR ELIMINATE TRADE BARRIERS AND DISTORTIONS. THE COUNTERVAILING DUTY ACT REQUIRES THE IMPOSITION OF A DUTY EQUAL TO ANY BOUNTY OR GRANT (SUBSIDY) PAID ON EXPORTS TO THE US. THE STATUTE ALSO AUTHORIZES THE SECRETARY OF THE TREASURY TO WAIVE THE DUTY IF HE DETERMINES THAT ADEQUATE

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STEPS HAVE BEEN TAKEN TO REDUCE SUBSTANTIALLY OR ELIMINATE THE ADVERSE EFFECT OF THE SUBSIDY AND THAT IMPOSITION OF THE DUTY WOULD JEOPARDIZE REASONABLE PROSPECTS FOR SUCCESSFUL TRADE AGREEMENTS TO REDUCE OR ELIMINATE BARRIERS AND DISTORTIONS TO INTERNATIONAL TRADE.

THE WAIVER WILL EXPIRE AS OF JANUARY 4, 1979.

NOTICE OF THE FINAL DETERMINATION AND WAIVER WILL APPEAR IN THE FEDERAL REGISTER OF JUNE 16, 1978.

THE TYPES OF FISH COVERED BY THE INVESTIGATION INCLUDE COD, SOLE, HADDOCK AND FLOUNDER.

CANADIAN FISH EXPORTS TO THE US WERE VALUED AT \$200 MILLION IN 1977. END TEXT. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, FISH, DIPLOMATIC COMMUNICATIONS, MEETINGS, SUBSIDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE150157
Document Source: CORE
Document Unique ID: 00
Drafter: GJMONROE:JKB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780247-0471
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780663/aaaacctd.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9db8bc89-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2367695
Secure: OPEN
Status: NATIVE
Subject: GROUND FISH COUNTERVAILING WAIVER DECISION
TAGS: EFIS, CA, US
To: OTTAWA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9db8bc89-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014